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**REPORT OF THE HIGH LEVEL AFRICAN TRADE
COMMITTEE (HATC)**

REPORT OF THE 3rd MEETING OF THE HATC

INTRODUCTION

1. The 3rd High Level African Trade Committee (HATC) Meeting was held in Malabo, Equatorial Guinea on 25 June 2014. It was chaired by Mr. Aziz Mahamat Saleh, Minister of Economy, Trade and Tourism Development on behalf of H.E Idriss Debry Itno, President of the Republic of Chad, Chairperson of the HATC.

ATTENDANCE

2. The following Members of the HATC attended the meeting: Chad, Ethiopia, Ghana, Kenya, Libya and the Democratic Republic of Congo.

3. The following Regional Economic Communities (RECs) also participated in the meeting: COMESA, ECCAS and ECOWAS. Representatives of the African Development Bank and the United Nations Economic Commission for Africa also attended the Meeting.

PROCEEDINGS

Agenda Item 1: Opening of the Meeting

Statement by the Chairperson of the HATC

4. After welcoming the members of the High Level African Trade Committee, on behalf of the Chairperson of the HATC, Minister Saleh, recalled the modest progress accomplished on the ground since the adoption of the decision on boosting intra-African trade and fast tracking the Continental Free Trade Area. He underscored the critical importance for Africa to strengthen its regional integration, the success of which depends on common determination and commitment. As Chair of ECCAS and CENSAD, he undertook to press on both RECs the need to implement the January 2012 AU decision. He then recalled the objective and expected outcome of the meeting to which he wished successful deliberations.

Statement by the Chairperson of the African Union Commission

5. In her statement, the Chairperson of the African Union Commission, Dr Nkosazana Dlamini Zuma expressed the readiness of the Commission to play its role towards the implementation of the January 2012 Summit Decision to establish a Continental Free Trade Area (CFTA) by an indicative date of 2017. She highlighted that the establishment of the CFTA is a key milestone in the implementation of Agenda 2063. She indicated that failure to make significant progress towards the implementation of the Decision will damage the credibility of the African Union and that there is need for Member States to provide the necessary financial resources to avoid dependence on donors for the funding of this important initiative. On the multilateral level, the Chairperson cautioned Member States to ensure that engagement with third countries

does not undermine Africa's national, regional and continental integration objectives. In conclusion, she renewed her confidence in the HATC to provide the necessary leadership and guidance to the Commission for the way forward on trade issues.

Agenda Item 2: Adoption of the Agenda and Organisation of Work

6. The Meeting adopted the following agenda for its work:

Item 1: Opening of the Meeting

Item 2: Adoption of the Agenda and Organisation of Work

Item 3: Review of Terms of Reference of the HATC

Item 4: Report of the extraordinary session of the Conference of Ministers of Trade, 27-28 April 2014.

Item 5: Update on the Tripartite Free Trade Area Negotiations

Item 6: Reflections on the preparations for the establishment of the Continental Free Trade Area (CFTA)

Item 7: Consideration of the Draft Assembly Decision

Item 8: Any Other Business

Item 9: Date, Venue and Chairperson of next HATC meeting

Item 10: Closing

Agenda Item 3: Review of Terms of Reference of the HATC

7. In presenting the Terms of Reference of the HATC, the AUC Commissioner for Trade and Industry, H.E Fatima Haram Acyl sought guidance on the periodicity of the HATC Meetings considering that the Specialized Technical Committee (STC) on Trade and Industry and Mining is organized once every two years. She however pointed out the possibility to organize sectoral meetings outside the STC. To ensure continuity, she proposed the establishment of a Troika of Heads of State to champion the CFTA/BIAT agenda.

8. In the discussions that ensued, the following issues were raised:

- Under Modus Operandi, the need to add CEOs of UNECA and ADB to the RECs Secretariats as observers in HATC Meetings;

- With regard to the status of observer for the RECs, It was clarified that the members of the HATC are Heads of State and everyone else is in attendance;
- With regard to institutional memory, the meeting was of the view that RECs play an important role in ensuring continuity.
- There is need to include a monitoring and evaluation mechanism in the TOR for increased effectiveness in the work of the Committee.

Agenda Item4: Report of the extraordinary session of the Conference of Ministers of Trade, 27-28 April 2014

9. Minister Saleh, in his capacity as Chairperson of the Extraordinary Session of the AU Conference of Ministers of Trade held in Addis Ababa on 27-28 April 2014, presented the Report of the meeting. In his presentation, he highlighted the recommendations contained therein. The Meeting then endorsed the Report of the Extraordinary Session with the following exception on the WTO Agreement on Trade Facilitation:

- i) We have considered the recommendations from the second HATC on Africa's response and implications of the WTO Bali outcomes;
- ii) We reaffirm our commitment to the Doha Development Agenda and to its rapid completion in accordance with its development objectives;
- iii) We also reaffirm our commitment to all the decisions our Ministers took in Bali which we agree are an important stepping stone towards the conclusion of the Doha Round;
- iv) To this end we acknowledge that the Trade Facilitation Agreement is an integral part of this process;
- v) We reiterate, in this regard that assistance and support for capacity building should be provided as envisaged in in the Trade Facilitation Agreement in a predictable manner so as to enable African economies to acquire the necessary capacity for the implementation of the agreement; and
- vi) We therefore agree that the Trade Facilitation Agreement should be implemented in line with the decision our Ministers took in Bali.

10. On the Economic Partnership Agreements (EPAs), the Meeting was informed that the EPA about to be concluded in ECOWAS would not undermine the implementation of the CFTA and that the MFN clause for example provides the necessary policy space to promote Intra-ACP trade. The meeting re-emphasized the importance of sharing negotiated texts and experiences on EPA negotiations among the RECs.

Agenda Item 5: Update on the Tripartite Free Trade Area Negotiations

11. During this session, H.E Sindiso Ngwenya, Secretary General of COMESA updated the meeting on the progress on the Tripartite Free Trade Area Negotiations on behalf of the Chair of the Tripartite Task Force. He gave a brief background on the origin of the Tripartite as well as an update on the status of implementation of the three pillars of market integration, industrial and infrastructure development respectively. With regard to market integration, agreement was reached on most issues with the exception of trade remedies, rules of origin and tariff liberalisation among others. He cautioned that in negotiating the CFTA, lessons should be drawn from the Tripartite experience, particularly on trade liberalisation. On free movement of businesspersons, there is scope for the Tripartite to learn from the experience of ECOWAS. He informed the meeting that the Tripartite Chief Executives will be conducting consultations with Heads of State with a view to expediting the conclusion of the first phase of the TFTA negotiations in 2014.

12. On the industrial development pillar, he emphasized the role of governments in creating an enabling environment for the private sector to invest. He then noted the sharp increase in trade in manufactures in the region supported by regional financial institutions.

13. On infrastructure, he indicated that tripartite projects are being implemented and that a Pre-Project Investment Unit (PPIU) has been set up sponsored by the three RECS, AfDB and UNECA. The Secretary General emphasized the importance of providing financial resources for the implementation of regional integration initiatives.

14. The Secretary General envisaged extending the Tripartite to ECCAS and ECOWAS based on already liberalized trade. He concluded by highlighting the possibility of RECs providing technical support to the AUC in the development of the CFTA and added that the conclusion of the tripartite negotiations will lay a basis for the establishment of the continental free trade area.

Agenda Item 6: Reflections on the preparations for the establishment of the Continental Free Trade Area

15. During this session, the Commissioner for Trade and Industry recalled the adopted road map and milestones towards the establishment of the CFTA namely the establishment of the Tripartite by 2014, the establishment of a 2nd bloc which is however not mandatory for CFTA negotiations, the CFTA negotiations and finally the establishment of the CFTA.

16. Member states should take ownership of the CFTA negotiations by providing the necessary financial and technical resources. Where third parties are involved in funding the activities, efforts should be made to diversify partners. The Commissioner informed the meeting about the outcomes of the Ministerial Follow-up Committee on Agenda 2063 that met in Addis Ababa in June 2014 that debated the possibility of conducting CFTA negotiations on the basis of the “Coalition of the willing”. The meeting also noted

the reputational damage to the AU that could arise from the non-implementation of the CFTA decision.

17. With regard to BIAT the Commissioner recalled the adoption of the Action Plan as well as the development by AUC/UNECA of an implementation strategy that called for national focal points, technical working groups and BIAT monitoring and evaluation mechanism. She concluded by referring to the establishment of the Trade Observatory and the Africa Business Council, which will be considered by the 9th Ordinary Session of the Conference of Ministers of Trade.

Agenda Item 7: Consideration of the Draft Assembly Decision

18. The meeting considered the Draft Decision on Trade Issues and adopted it with amendments. The Draft Decision is annexed to this Report.

Agenda Item 8: Any Other Business

19. No issue was raised under this item.

Agenda Item 9: Date, Venue and Chairperson of next HATC meeting.

20. The Next meeting of the HATC will be held in Addis Ababa, Ethiopia in the margins of the January 2015 Summit. It will be chaired by.....

Agenda Item 7: Closing.

21. On behalf of the Chairperson of the HATC, Minister Selah expressed his gratitude and warm appreciation to the participants for the outcome of the meeting and brought it to a close.

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